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SUBJECT: CZECH-AUSTRIAN RELATIONS: NEIGHBORLY DIFFERENCES

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¶1. (U) This is a joint Embassy Vienna/Embassy Prague report.

¶2. (U) Summary: Twenty years after the collapse of the Iron Curtain, commercial relations are strong but environmental and other concerns have caused friction in the somewhat-testy Czech-Austrian relationship. Czech PM Fischer's visit to Vienna in August 2009 provided a chance to overview Czech-Austrian relations, which show two nations agreeing on general principles but often disagreeing on their approach. Austria's nuclear-phobic public appears to be unsuccessfully mounting a last-ditch effort to halt the Czech Temelin nuclear reactor expansion. The Brno-Vienna Highway has foundered on environmental issues on the Czech side. End summary.

#### Differences on Energy Policy

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¶3. (U) Austrian Chancellor Faymann, after a meeting on August 24 in Vienna with Czech PM Fischer, pronounced Czech-Austrian relations "wide and full of trust," but acknowledged differences on the issue of energy. While Austria views new gas pipelines such as Nabucco and South Stream and the development of renewable energy as key to its long-term energy security, the Czechs view the expansion of nuclear energy as imperative, hoping to reduce their dependence on Russian gas and oil (as well as dirty domestic coal).

¶4. (U) As a result, the majority state-owned Czech energy company CEZ launched a public tender to install two additional nuclear reactors at the Temelin Nuclear Power Plant, with an option to install additional reactors elsewhere in Europe, including at the Dukovany NPP. Both Temelin NPP (in southern Bohemia) and Dukovany NPP (in southern Moravia) are near the Austrian border. Temelin's critics in strongly anti-nuclear Austria assert that the plant is a hazardous combination of Soviet-era engineering and Western safety standards and technology. Austrian critics have also charged that expanding Temelin will not enhance the Czech Republic's energy independence, because the necessary nuclear fuel would most likely come from Russia. Czech officials dismiss these claims and note that while the Russian company TVEL currently supplies the nuclear fuel for the existing Czech reactors, both the U.S. company Westinghouse and French Areva (together with the Russian AtomStroyExport) are competing for the tender for new reactors, which will include fuel for the new units). Furthermore, the Czech Republic still mines uranium (which has to be transformed into fuel abroad, allegedly giving it more leverage in nuclear fuel negotiations).

¶5. (U) A recent poll indicated that 71 percent of Czechs support nuclear power, up from 56 percent four years ago. In contrast, according to one poll 90 percent of Austrians oppose nuclear energy. The Czech artist David Cerny mocked Austria's nuclear phobia in his now-infamous "Entropa" sculpture, which depicted Austria as a green region covered with nuclear reactors.

¶6. (SBU) After some unsuccessful attempts at negotiation, Austrian

national politicians have largely avoided confronting the Czechs on Temelin, preferring to let local governments and NGOs take the lead.

These efforts received a setback in October 2009 when the European Court of Justice ruled against a suit by the government of Upper Austria seeking to close Temelin on the grounds that the plant's proximity to the border posed a danger to the Austrian province. Nonetheless, Austrian grassroots efforts, led by the Greens and the NGO Atomstopp, continue unabated. Austrian anti-nuclear activists have repeatedly blocked border crossings into the Czech Republic to register their opposition to Temelin. The Austrian activists' best hope to oppose nuclear energy may be the Czech Greens, who had used their position within the Topolánek government to block nuclear expansion. This obstacle, however, disappeared when the Topolánek government fell in a vote of confidence in March. Hurt by an internal split, the Czech Greens are polling well below the five percent national vote needed to win parliament seats and generally thought unlikely to return to parliament after elections in May. All other Czech political parties support expanding nuclear power.

¶17. (U) Three energy firms active in the Czech Republic have announced plans to build gas interconnectors between the two countries and to connect the Czech Republic to the Austrian gas grid. While it is unlikely that all three will be built, the connection will further enhance Czech security of supply by creating a third source for gas after Russia (via Ukraine) and Norway (via Germany).

#### Brno-Vienna Highway

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¶18. (U) Despite close economic ties, no major highway connects the two neighbors, and given the legal problems with the Brno-Vienna project, this is likely to remain true until at least mid-decade. In January 2009 Czech Ambassador to Austria Jan Koukal and Austrian

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FM Spindelegger signed an agreement to link highways on both sides of the border through the Czech border town of Mikulov. However, controversy surrounding the environmental impact study resulted in lawsuits by environmental groups, and the European Commission (EC) withdrew its financial support pending a resolution of the court battle. The EC expressed concern over the lack of a comparative economic and ecological study that would assess alternative routes, in accordance with Czech and EU laws.

¶19. (U) In August 2009 Chancellor Faymann announced that the Austrian part of the road leading up to the Czech border should be finished by 2013. The Czechs and Austrians have pledged to continue the work since the GoA has completed one-third of the project, but no construction has begun on the Czech side. Czech PM Fischer promised his Austrian counterpart that he would try to earmark funds for the highway in the next budget, but that seems less likely given the prospects of a record deficit of the Czech budget both this and next year.

#### Sudeten German Restitution Concerns

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¶10. (U) In October 2009 Faymann expressed his disapproval of Czech President Klaus' demand to receive an exemption for the Czech Republic regarding the Charter of Fundamental Rights, a part of the Lisbon Treaty. Klaus demanded (and received) the exemption because, he maintained, the Charter could allow Germans and Hungarians expelled from the Czech Republic after World War II to bypass Czech courts and enforce their restitution claims at the European Court of Justice. Although there is an active Sudeten German group in Austria, there has been no indication that claims of restitution were gaining momentum either in the courts or the media. (Note: The Czech Embassy in Vienna recently sponsored two historical exhibitions on the Sudetenland.)

#### Carbon Emissions

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¶11. (U) After missing its Kyoto emissions targets by a wide margin, Austria in October 2009 purchased 3.5 million additional carbon emissions credits from the Czech Republic. (While the Czechs are one of the largest polluters per capita within the EU, they are well below their Kyoto targets, which were set based on 1990 levels -

i.e. before the Czech Communist-era industrial giants were dismantled.) A Czech government official said in July that the country expected to sell most of its 100 million tons of surplus emissions rights this year to European Union governments and private companies.

Comment: The Past Still Casts Shadow

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[¶12.](#) (SBU) Twenty years after the collapse of the Iron Curtain, economic and environmental "neighborly" concerns dominate Czech-Austrian relations. In part, these concerns and sensitivity relate to past history, particularly Austria's 400-year occupation of Bohemia and the post-World War II settlement. This past history affects the perceptions and attitudes on border issues. The conflict over nuclear energy is fueled by both differing attitudes about the risks of the technology, as well as different approaches to relations with Russia.  
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